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Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
[MX]

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

MEXICO'S TRADE AGREEMENT WITH JAPAN UPSETS PORK PRODUCERS

According to a local newspaper, Mexico's pork producers do not agree that the trade agreement signed with Japan last week will have a positive impact for the sector. The president of the Regional Union of Pork Producers in the state of Jalisco, Vicente Vazquez, stated that this agreement will not have a positive impact in the short term for them since the tonnage established and the reduction in duties are not sufficiently attractive. With this tonnage, it will be difficult to compete with other countries such as the United States and Canada because pork products from those countries are heavily subsidized. (Source: Reforma, 09/20/04)

BEEF FROM CENTRAL AMERICA ENTERING MEXICO VIA THE UNITED STATES

According to a local newspaper, Jose Valdez Cuervo, president of SGS de Mexico (a security firm hired by the GOM to combat technical contraband), warned that Mexico is receiving beef through the United States that does not originate from this country, but apparrently from Central America, and that this implies a health risk to Mexico. Valdes' firm is helping Mexican customs combat contraband of product that arrives directly to the distribution centers with falsified export documents. (Source: La Jornada, 09/13/04)

THE JAPAN-MEXICO FREE TRADE AGREEMENT WAS SIGNED

The Japan-Mexico Free Trade Agreement was finally signed on September 17, 2004. The agreement has now to be ratified by the Senate and will be in force by April 2005. Mexico will immediately have access to the Japanese market at zero duties for fresh products like avocado, limes, tomato, asparagus, garlic, onions, zucchini, mango, tequila, wine, tobacco, eggs, and other agricultural products. There will be tariff rates quotas for other products such as pork, beef and poultry meat, honey, fresh oranges, and tomato and orange juice. More foreign direct investment is expected from Japan because there will be more incentives for importation of Japanese products for transformation in Mexico prior to re-export to other countries. (Source: El Financiero, Universal, Secretariat of Economy Bulletin #107, 09/20/04)

U.S. DRY EDIBLE BEANS GAIN PRESENCE IN MEXICAN HOUSEHOLDS

According to a local Mexican newspaper, SAGARPA's report, "The Bean Market in Mexico: Perspectives for 2007", establishes that, despite their higher prices, imports from the U.S. are gaining market share among consumers and traders based mainly on the quality of produce. Currently, exports of U.S. dry edible bean to Mexico represent a marginal volume compared to domestic production but this could change dramatically before the full market opening for beans in 2008. The United States exports 35 percent of its annual bean production and during the 1993-2003 period Mexico was its second market after the United Kingdom. Also, the analysis indicates increasing consumer demand for black beans while domestic yields for black beans have decreased in recent years. SAGARPA considers that the key to being ready for the 2008 market opening is to support dry bean producers, traders and self-service stores to operate as integrated chains. (Source: El Financiero; 09/20/04)

BETTER OPTIONS FOR DRY BEANS

In Mexico, dry edible beans are the second agricultural crop in importance next to corn. However, SAGARPA is encouraging farmers from the states of Zacatecas, Durango, Nayarit, and San Luis Potosi to switch to different crops. SAGARPA maintains that current dry bean acreage is too high and low yielding to be competitive under NAFTA. In its report "The Bean Market in Mexico: Perspectives for 2007", SAGARPA recommends switching to the production of forage grains, grass, malt & barley and soybeans. These products, according to the report, do have an established market, due to demand from the domestic livestock sector. SAGARPA proposes crop conversion for an area encompassing 250 thousand hectares in four states, whose owners would profit better by covering the regional livestock needs. According to the proposal, only highly productive dry edible bean farmers will continue producing dry beans and would be supported by certified seed and commercialization schemes. (Source: El Financiero; 09/20/04)

SENATE MAY APPROVE THE LAW FOR ORGANIC PRODUCTS

The Mexican Senate may approve the Organic Products Bill before its current legislative session ends. Once it passes the Senate, the bill will have to go to the Lower Chamber for approval. The law regulates the production, processing and commercialization of organic food in Mexico. It requires that all organic food be produced according to regulations and certifications established by the government. It also regulates the importation of organic products and contemplates sanctions – to be applied by the Ministry of Agriculture – in the case of violations. (Source: Reforma 9/21/04)

MEXICO TO BE TRANSPORTATION BRIDGE BETWEEN ASIAN PORTS AND HOUSTON

According to a local newspaper, the authorities of the port of Manzanillo intend not to lose competitiveness with the port of Lazaro Cardenas and to this end will sign a trade cooperation agreement with the port of Houston, Texas. The agreement will propose that Manzanillo be the official bridge between Asian ports and the east coast of the United States. Thus, the Singapore-Manzanillo-Houston trade corridor will facilitate connections with Canada and the eastern part of the United States. With this agreement, a 20-percent increase in cargo shipments is expected in the first few months; the goal for the port of Manzanillo is to reach 800,000 containers per year. (Source: Reforma, 09/21/04)

SOYMILK TO COME TO MEXICO

In December, a Mexican company, Grupo Industrial Cuadritos Biotek, will start manufacturing the Silk brand soymilks under contract from the U.S. firm, White Wade. Sales from that plant will be directed not only to Mexico, but also to Central and South America. The White Wade investment is on the order of $500,000 at the Biotek plant in Celaya, Guanajuato. Biotek has been importing the Silk brand into Mexico since April 2004, and selling it through the Nutrisa and Buena Nutricion health food store chains. The Mexican marketing campaign will be directed at the approximately one-third of the population that is lactose intolerant and at adults susceptible to heart disease, cancer and osteoporosis. (El Financiero; 09/21/04)

CORN PRODUCERS DISAGREE WITH AUTHORIZED SUGAR IMPORTS

A paid announcement addressed to Mexican President Fox and the Secretaries of Economy and Agriculture and signed by the National Confederation of Corn Producers in Mexico was published in some local newspapers. The announcement expressed concern over the government's intent to import 100,000 MT of sugar to meet domestic demand, when corn producers have the ability to produce sweeteners for the domestic market. They indicate that sugar imports put at risk about 60,000 jobs in agriculture and related industries. Furthermore, in its announcement, the Confederation declared that yellow corn producers have gone through great efforts to link themselves with industries and livestock producers, with the objective of integrating national production chains to strengthen the Mexican countryside. Therefore, they argue, it is absolutely unfair for the government to take measures, such as this, which would harm Mexican producers. The Confederation urges the President and both Secretaries to let them produce fructose to meet domestic sweetener demand. (Source: Reforma, Universal, 09/22/04)

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